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(Securities Code 3244)  
February 8, 2019

**To Shareholders with Voting Rights:**

Kazushi Eguchi  
Representative Director and President  
Samty Co., Ltd.  
4-3-24 Nishinakajima, Yodogawa-ku,  
Osaka-shi, Osaka, Japan

**NOTICE OF  
THE 37th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 37th Annual General Meeting of Shareholders of Samty Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

**We would also like you to exercise your voting rights by methods described on the next page.**

**1. Date and Time:** Wednesday, February 27, 2019 at 10:00 a.m. Japan time

**2. Place:** 2F Washington Hotel Plaza Shin Osaka "Les Lumieres"  
5-5-15 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka, Japan  
(Please refer to the map at the end.)

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 37th Fiscal Year (December 1, 2017 - November 30, 2018)
  2. Results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the Company's 37th Fiscal Year

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Partial Amendment to the Articles of Incorporation  
**Proposal 3:** Election of 8 Directors  
**Proposal 4:** Election of 2 Corporate Auditors  
**Proposal 5:** Revision of the Amount of Compensation for Directors  
**Proposal 6:** Determination of Compensation for Directors relating to the Restricted Stock Compensation Plan and the Share Price-linked Point-based Monetary Compensation Plan  
**Proposal 7:** Changes to the Contents of the Stock-based Compensation Stock Options for Directors

## Procedures for Exercise of Voting Rights

- **Attending the meeting**

When attending the meeting, **please submit** the enclosed Voting Rights Exercise Form **at the reception**. For the purpose of conserving resources, **please bring this Notice with you** to the meeting.  
Date and time: Wednesday, February 27, 2019 at 10:00 a.m. Japan time (venue opens at 9:00 a.m.)

- **Not attending the meeting**

- **Exercise of voting rights by mail (in writing)**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and **return it by mail. The completed form must reach us no later than the following voting deadline.**

Voting deadline: Tuesday, February 26, 2019 at 5:50 p.m. Japan time

- **Exercise of voting rights online**

Please access the designated voting rights exercise website and **indicate your vote for or against the proposals by no later than the following voting deadline.**

Voting deadline: Tuesday, February 26, 2019 at 5:50 p.m. Japan time

Please see page 4 for details.

### **Treatment of Voting Rights That Are Exercised Multiple Times**

- (1) If you have exercised your voting rights both in writing and online, only the vote exercised online will be valid.
- (2) If you have exercised your voting rights more than once online, the last vote will be valid. The same applies to a case where you have exercised your voting rights more than once using a PC, a smartphone and a cell phone.

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- Of the documents to be provided in this Notice, “Systems to Ensure the Appropriateness of Operations,” “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” of the Business Report are posted on the Company’s website (<https://www.samty.co.jp/ir/stock/meeting.html>) in accordance with provisions of laws and regulations and the Articles of Incorporation, and therefore are not provided in this Notice. As such, the Appendix of this Notice is part of the statements that were audited by the Corporate Auditors and the Accounting Auditor when preparing the Audit Report.
  - Should the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders require revisions, they will be posted on the Company’s website (<https://www.samty.co.jp/ir/stock/meeting.html>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders as a key management priority. The Company's basic policy for the dividend payout is to reflect its business performance while comprehensively taking into consideration aspects such as its future business plans and financial positions. In light of such factors as the further development and expansion of its business in the future, as well as the building of a stronger financial structure, and by increasing internal reserves for the future, the Company will make a return of profits that reflects actual business results.

With regard to the year-end dividend for the fiscal year ended November 30, 2018 in view of profit returns commensurate with the strong business performance during the fiscal year, the Company will pay an increased dividend.

#### **Allotment of dividend property to the shareholders and the total amount thereof:**

68 yen per common share of the Company (an increase of 21 yen per share compared to the previous fiscal year)

Total amount of dividend: 2,588,337,584 yen

#### **Date when dividends of surplus become effective:**

February 28, 2019

**Proposal 2:** Partial Amendment to the Articles of Incorporation

**1. Reasons for the amendment**

The Company will increase the total number of shares authorized to be issued as stipulated in Article 6 (Total Number of Shares Authorized to Be Issued) of the current Articles of Incorporation from 39,800,000 shares to 159,200,000 shares in order to enable agile and flexible implementation of its capital policy in preparation for the Company's future business scale expansion.

**2. Description of the amendment**

Description of the amendment is as follows:

(Amended part is underlined.)

Current	Proposed amendment
(Total Number of Shares Authorized to Be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>39,800,000</u> .	(Total Number of Shares Authorized to Be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>159,200,000</u> .

**Proposal 3:** Election of 8 Directors

The terms of office of all 8 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 8 Directors is proposed.

The candidates are as follows:

No.	Name	Current positions and responsibilities at the Company
1	Shigeru Moriyama [Reappointment]	Representative Director and Chairman
2	Kazushi Eguchi [Reappointment]	Representative Director and President
3	Yasuhiro Ogawa [Reappointment]	Managing Director; In charge of Corporate Planning Department and Branch Office Management Division; General Manager, Corporate Planning Department and Branch Office Management Division
4	Hiroaki Matsui [Reappointment]	Director; In charge of Business Administration Division; General Manager, Business Administration Division
5	Naohiro Morita [Reappointment]	Director; Deputy General Manager, Branch Office Management Division; General Manager, Tokyo Branch Office
6	Jiro Okawa [New appointment]	Executive Officer; General Manager, Real Estate Division and Real Estate Business Department
7	Shoichi Sanpei [Reappointment] [External] [Independent]	Director
8	Tetsuo Kodera [New appointment] [External] [Independent]	Corporate Auditor

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Shigeru Moriyama (February 8, 1950)  [Reappointment]	April 1973 December 1982 March 1996 February 2012	Joined Chisan Co., Ltd. Established the Company; Director Representative Director and President Representative Director and Chairman (to present)	4,786,300
	[Reason for nomination as candidate for Director] Having worked for a real estate company, Mr. Shigeru Moriyama has served as Director of the Company since its establishment in December 1982, and he has extensive experience and expertise in the corporate management and overall real estate business. He assumed the position of Representative Director and President of the Company in March 1996, and has served as Representative Director and Chairman since February 2012, making efforts to strengthen the management structure from a broader perspective. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.			
2	Kazushi Eguchi (November 23, 1955)  [Reappointment]	April 1979 April 1984 January 1999 January 2004 February 2012	Joined Chisan Co., Ltd. Joined the Company General Manager, Sales and Marketing Department Managing Director Representative Director and President (to present)	1,106,300
	[Reason for nomination as candidate for Director] Having worked for a real estate company and long led the Company as head of the sales and marketing division, Mr. Kazushi Eguchi has extensive experience and expertise in the corporate management and the overall real estate business. He assumed the position of Managing Director of the Company in January 2004, and has properly fulfilled his duties as Representative Director and President since February 2012. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.			
3	Yasuhiro Ogawa (April 27, 1967)  [Reappointment]	April 1993 April 2001 January 2005 February 2007 February 2012 December 2014  April 2017	Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.) Joined the Company General Manager, Corporate Planning Office Director Managing Director (to present) In charge of Corporate Planning Department and Branch Office Management Division; General Manager, Branch Office Management Division In charge of Corporate Planning Department and Branch Office Management Division; General Manager, Corporate Planning Department and Branch Office Management Division (to present)	132,150
	[Reason for nomination as candidate for Director] Having worked for a city bank and long served as head of the corporate planning division, and also engaged in the wide-ranging businesses of the overall administration division and the sales and marketing division at the Company, Mr. Yasuhiro Ogawa has extensive experience and expertise in the overall real estate business. He assumed the position of Director of the Company in February 2007, and has properly fulfilled his duties as Managing Director since February 2012. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Hiroaki Matsui (January 13, 1960)  [Reappointment]	April 1982	Joined Fukutoku Sogo Bank, Limited	42,000
		November 1999	Joined Sanyo Electric Credit Co., Ltd.	
April 2007	Executive Officer; Deputy General Manager, Finance Business Division of Sanyo Electric Credit Co., Ltd.			
March 2009	Joined the Company; General Manager, Finance Department			
February 2010	Director (to present)			
August 2014	In charge of Business Administration Division; General Manager, Business Administration Division and Finance Department			
	May 2018	In charge of Business Administration Division; General Manager, Business Administration Division (to present)		
[Reason for nomination as candidate for Director] Having worked for financial institutions and long served as head of the finance division, and also engaged in businesses of the overall administration division at the Company, Mr. Hiroaki Matsui has extensive experience and expertise in the overall real estate business. He assumed the position of Director of the Company in February 2010 and has since properly fulfilled his duties. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.				
5	Naohiro Morita (April 1, 1959)  [Reappointment]	April 1982	Joined Morita Kensetsu Co., Ltd.	14,450
		April 2004	Joined the Company	
December 2010	General Manager, Tokyo Branch Office			
April 2016	Executive Officer			
April 2017	Deputy General Manager, Branch Office Management Division; General Manager, Tokyo Branch Office (to present)			
February 2018	Director (to present)			
[Reason for nomination as candidate for Director] Having worked for a construction company and engaged in the real estate development division, as well as businesses of the overall sales and marketing division serving as head of a branch office at the Company, Mr. Naohiro Morita has extensive experience and expertise in the overall real estate business. He assumed the positions of Executive Officer of the Company in April 2016 and Director of the Company in February 2018, and has since properly fulfilled his duties. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.				
6	Jiro Okawa (July 10, 1959)  [New appointment]	April 1983	Joined Toyo Real Estate Co., Ltd.	0
		July 2001	Joined Kennedy-Wilson Japan Co., Ltd. (currently Kenedix, Inc.)	
January 2004	Seconded to KW Pension Fund Advisors, Inc. (currently Kenedix Real Estate Fund Management, Inc.)			
October 2008	Director of KW Pension Fund Advisors, Inc.			
August 2014	Joined the Company; General Manager, Real Estate Business Department			
April 2016	Executive Officer (to present)			
February 2018	General Manager, Real Estate Division			
October 2018	General Manager, Real Estate Division and Real Estate Business Department (to present)			
[Reason for nomination as candidate for Director] Having worked for a real estate company and engaged in businesses of overall real estate transactions and development as head of the real estate division at the Company, Mr. Jiro Okawa has extensive experience and expertise in the overall real estate business. He assumed the position of Executive Officer of the Company in April 2016 and has since properly fulfilled his duties. The Company nominated him as a candidate for Director because we believe that he is capable of continuing to contribute to the management of the Company by leveraging his extensive experience and track record.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Shoichi Sanpei (February 15, 1970)  [Reappointment] [External] [Independent]  [Period of service as External Director] 4 years (at the conclusion of this Annual General Meeting of Shareholders)	<p>April 1992      Joined Mitsubishi Electric Micro-Computer Application Software Co., Ltd.</p> <p>October 1996      Joined Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>January 2002      Joined Kobayashi Office, Co., Ltd.</p> <p>October 2003      Established Sanpei Certified Public Accountant Office; President (to present)</p> <p>June 2005      Outside Corporate Auditor of SUN CAPITAL MANAGEMENT CORP.</p> <p>July 2005      Joined SYVEC Co., Ltd.</p> <p>July 2007      Representative Director of SYVEC Co., Ltd.</p> <p>July 2009      Established Akebono Audit Corporation; Representative Partner (to present)</p> <p>February 2015      Director of the Company (to present)</p> <p>[Significant concurrent position] Representative Partner, Akebono Audit Corporation</p>	100
<p>[Reason for nomination as candidate for External Director] Mr. Shoichi Sanpei has extensive experience and expert knowledge about finance and accounting obtained from long years of working as certified public accountant, as well as experience in management at other companies. He assumed the position of External Director of the Company in February 2015 and has since properly fulfilled his duties from an independent and neutral perspective. The Company nominated him as a candidate for External Director because we believe that he is capable of continuing to contribute to strengthening corporate governance of the Company by leveraging his extensive experience and track record.</p>			
8	Tetsuo Koderu (March 21, 1953)  [New appointment] [External] [Independent]  [Period of service as External Corporate Auditor] 3 years (at the conclusion of this Annual General Meeting of Shareholders)	<p>April 1984      Public Prosecutor of Kobe District Public Prosecutors Office</p> <p>July 2011      Chief Prosecutor of Nagasaki District Public Prosecutors Office</p> <p>July 2013      Chief Prosecutor of Sapporo District Public Prosecutors Office</p> <p>September 2015      Registered as attorney (Osaka Bar Association) (to present)</p> <p>February 2016      Corporate Auditor of the Company (to present)</p> <p>June 2018      Outside Director (Audit and Supervisory Committee Member) of OKUMURA CORPORATION (to present)</p> <p>[Significant concurrent position] Outside Director (Audit and Supervisory Committee Member) of OKUMURA CORPORATION</p>	1,550
<p>[Reason for nomination as candidate for External Director] Mr. Tetsuo Koderu has extensive experience and expertise obtained from long years of working as public prosecutor and attorney. He assumed the position of External Corporate Auditor of the Company in February 2016 and has since properly fulfilled his duties from an independent and neutral perspective. The Company nominated him as a candidate for External Director because we believe that he is capable of continuing to contribute to strengthening corporate governance of the Company by leveraging his extensive experience and track record. Despite the fact that he has never directly involved in managing a company, the Company considers that he is able to properly fulfill his duties as External Director from an objective perspective, based on his wide experience in his area of expertise.</p>			

(Notes)

1. There are no special interests between the candidates for Director and the Company.
2. Messrs. Shoichi Sanpei and Tetsuo Koderu are candidates for External Directors.
3. Messrs. Shoichi Sanpei and Tetsuo Koderu meet the independence standards for external officers of the Company (described on page 10), and the Company has submitted a notification of their appointment as Independent Directors to the Tokyo Stock Exchange. Upon the approval of their election, the Company intends to reappoint them as Independent Directors.
4. The Company has entered into agreements with Messrs. Shoichi Sanpei and Tetsuo Koderu in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreements is the amount stipulated by laws and regulations. Upon the approval of their election, the Company intends to renew said agreements.



**Proposal 4:** Election of 2 Corporate Auditors

At the conclusion of this Annual General Meeting of Shareholders, the term of office of Corporate Auditor Mikio Hara will expire and Corporate Auditor Tetsuo Kodera will retire from his position of Corporate Auditor. Accordingly, the election of 2 Corporate Auditors is proposed.

Mr. Toshihiro Sawa will be elected as a substitute for Corporate Auditor Tetsuo Kodera and his term of office will be the remaining term of office of the retiring Corporate Auditor pursuant to the Company's Articles of Incorporation.

This proposal was approved by the Board of Corporate Auditors in advance.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
1	Mikio Hara (January 4, 1952)	April 1974	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)	3,700
	[Reappointment] [External]	May 2002 June 2002	Joined The Taisho Bank, Ltd. Director; General Manager, Sales Division, Head Office, The Taisho Bank, Ltd.	
	[Period of service as External Corporate Auditor] 4 years (at the conclusion of this Annual General Meeting of Shareholders)	June 2003 June 2005 February 2015	Managing Director; General Manager, Sales Division, Head Office, The Taisho Bank, Ltd. Senior Managing Director (Representative Director), The Taisho Bank, Ltd. Corporate Auditor of the Company (to present)	
[Reason for nomination as candidate for External Corporate Auditor] Mr. Mikio Hara has many years of experience of management in financial institutions. He assumed the position of External Corporate Auditor of the Company in February 2015 and has since properly fulfilled his duties from an independent and neutral perspective as. The Company nominated him as a candidate for External Corporate Auditor because we believe that he is capable of continuing to contribute to strengthening the audit system of the Company by leveraging his extensive experience and track record.				
2	Toshihiro Sawa (November 25, 1953)	April 1976	Joined The Sanwa Bank, Ltd. (currently MUFG Bank, Ltd.)	0
	[New appointment] [External] [Independent]	January 1996 April 2000 November 2003 April 2007 April 2014 April 2017	General Manager, Fussa Branch, The Sanwa Bank, Ltd. General Manager, Sannomiya Branch, The Sanwa Bank, Ltd. Representative Director, UFJ Business Service Osaka Co., Ltd. Joined SAGAWA PRINTING CO., LTD.; General Manager, Human Resources and Corporate Management Division Director, SAGAWA PRINTING CO., LTD. Advisor, SAGAWA PRINTING CO., LTD. (to present)	
[Reason for nomination as candidate for External Corporate Auditor] Mr. Toshihiro Sawa has many years of experience in financial institutions, and experience in management serving as representative director and director at different companies. The Company nominated him as a candidate for External Corporate Auditor because we believe that he is capable of contributing to strengthening the audit system of the Company by leveraging his extensive experience and track record.				

(Notes)

1. There are no special interests between the candidates for Corporate Auditor and the Company.
2. Messrs. Mikio Hara and Toshihiro Sawa are candidates for External Corporate Auditor.
3. Mr. Toshihiro Sawa meets the independence standards for external officers of the Company (described on page 10), and the Company intends to submit a notification of his appointment as Independent Corporate Auditor to the Tokyo Stock Exchange.
4. The Company has entered into an agreement with Mr. Mikio Hara in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. Upon the approval of his reelection, the Company intends to renew said agreement. In addition, upon the approval of election of Mr. Toshihiro Sawa, the Company intends to enter into a similar agreement with him.

## **(Reference) Independence Standards for External Officers**

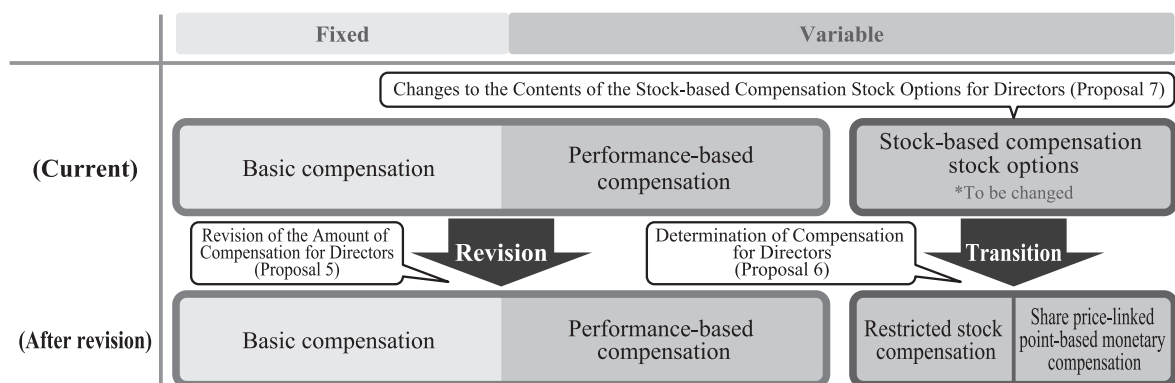
If an external officer (External Director and External Corporate Auditor) meets the following standards, it is determined that said external officer is independent and has no risk of conflict of interest with general shareholders.

1. The external officer is not presently or has not been in the past an executive, etc. (Note 1) of the Samty Group (Note 2).
  - Note 1: An “executive, etc.” means a Director (excluding External Director), a Corporate Auditor (excluding External Corporate Auditor), an Executive Officer, an Accounting Advisor, and an officer or an employee who holds a similar management position.
  - Note 2: The “Samty Group” means the Company and its subsidiaries and affiliates.
2. The external officer is not presently or has not been in the past five years:
  - (1) A major shareholder (Note 3) of the Company or an executive, etc. thereof; or
  - (2) An executive, etc. of a company whose major shareholder (Note 3) is the Samty Group.
  - Note 3: A “major shareholder” means a shareholder who holds 10% or more of the voting rights of a company.
3. The external officer is not presently or has not been in the past five years a major business partner (Note 4) of the Samty Group or an executive, etc. thereof.
  - Note 4: A “major business partner” means a business partner whose transactions with the Samty Group total 2% or more of consolidated net sales of either of the two parties.
4. The external officer is not presently or has not been in the past five years:
  - (1) A recipient of compensation of 10 million yen or more per year from the Samty Group as consultant, or an accounting or legal professional (if the recipient is a legal entity or an association, an individual that belongs to such a legal entity or association), besides compensation as Director or Corporate Auditor; or
  - (2) An executive, a partner or an employee of the Accounting Auditor of the Samty Group.
5. The external officer is not presently or has not been in the past five years a recipient of donation of 10 million yen or more per year from the Samty Group (if the recipient is a legal entity or an association, an individual that belongs to such a legal entity or association).
6. The external officer is not presently or has not been in the past five years an executive, etc. of a company, between which and officers of the Samty Group are mutually appointed.
7. The external officer is not a relative within two degrees of kinship of an individual falling under any of 1 through 6 above (excluding those who are insignificant).
8. The external officer is not an individual who is involved in a matter that may give rise to a significant conflict of interest in executing duties or who has interests that potentially influence decision making.

**(Reference) Changes in the Compensation Plan for Directors**

The compensation plan for the Company’s Directors comprises a basic compensation as fixed compensation and a performance-based compensation and stock-based compensation stock options as variable compensation. However, the Company reviewed this compensation plan and proposes to revise the upper limit of the basic compensation and the performance-based compensation, while at the same time transition to a restricted stock compensation plan and a share price-linked point-based monetary compensation plan, in lieu of the current stock-based compensation stock options.

<System of the Compensation Plan for Directors and the Changes to Be Made>



**Proposal 5: Revision of the Amount of Compensation for Directors**

The amount of compensation for the Directors of the Company was set and approved in the 28th Annual General Meeting of Shareholders held on February 25, 2010 at not more than 500 million yen per year. However, the Company, in light of the increase in the responsibilities of the Directors due to changes in the business environment including the expansion of its business scale, and in an effort to continue enhancing its corporate value by reinforcing the linkage between Director compensation and business performance, the Company proposes to raise the amount of compensation for Directors to not more than 700 million yen per year (including not more than 30 million yen for External Directors).

The amount of compensation for Directors does not include the salary portion of Directors who serve concurrently as employees, as in the past.

Currently, the number of Directors is 8 (including 2 External Directors), and if Proposal 3 is approved as originally proposed, the number of Directors will continue to be 8 (including 2 External Directors).

**Proposal 6:** Determination of Compensation for Directors relating to the Restricted Stock Compensation Plan and the Share Price-linked Point-based Monetary Compensation Plan

The amount of compensation of stock acquisition rights as stock-based compensation stock options (hereinafter referred to as “Stock Option(s)”) to Directors of the Company was set and approved in the 28th Annual General Meeting of Shareholders held on February 25, 2010 at not more than 70 million yen per year, separate from the amount of compensation for Directors of Proposal 5.

The Company recently reviewed the compensation plan for the Directors and proposes to adopt a restricted stock compensation plan (a compensation plan in which shares are granted to officers with the condition that transfer restriction of such shares shall be canceled at the time of retirement of the officer; hereinafter referred to as “Plan A”) and a point-based monetary compensation plan linked to the share price at the time the transfer restriction of restricted stock is canceled through Plan A (hereinafter referred to as “Plan B”), in lieu of the current stock option plan.

Through Plan A, the Directors will directly hold the physical shares of the Company, making it possible to further reinforce the sense of sharing of common interests with the shareholders. Also, in Plan B, the amount equivalent to what would be paid in taxes when the transfer restriction on the restricted stock, granted in accordance with Plan A, is canceled would be granted as monetary compensation. This will encourage the Directors to continue holding the stocks in the long-term even after their retirement.

Based on this proposal, the Company requests approval for the amount of monetary compensation to be paid to the Directors of the Company (excluding External Directors; hereinafter referred to as “Eligible Director(s)”) as per 1. and 2., respectively, stated below, as separate amounts from the amount of compensation for Directors in Proposal 5.

In terms of Plan A, the specific allocation of monetary compensation to be paid to the Eligible Directors based on this proposal will be determined by the Board of Directors. In terms of Plan B, this proposal requests approval for the specific calculation method of the amount of compensation, etc., which has yet to be determined. Consequently, this proposal will determine the calculation formula of the highest amount of the compensation, which has yet to be determined, and handling of the calculated compensation within such amount will be delegated to the Board of Directors. The specific timing and details of the grant to each Eligible Director will be determined by the Board of Directors, which will be the delegated authority by resolution of this General Meeting of Shareholders.

Currently, the number of Directors is 8 (including 2 External Directors), and if Proposal 3 is approved as proposed, the number of Directors will continue to be 8 (including 2 External Directors).

Furthermore, new Stock Options based on the current stock-based compensation stock option plan will not be granted any more, conditional upon the approval of this proposal.

**1. Contents of Plan A**

The total amount of monetary compensation to be granted by Plan A will be not more than 100 million yen per year, an amount considered reasonable in light of the objective stated above.

Based on the resolution of the Board of Directors of the Company, the Company shall provide the entire amount of monetary compensation receivables arising from this proposal as contributions in kind, and the Eligible Directors shall receive the Company’s common shares that have been issued or disposed of. The total number of the Company’s common shares to be issued or disposed of shall be not more than 100,000 shares per year (however, in the event that the Company conducts a stock split of its common shares (including the gratis allotment of the common shares of the Company), a reverse stock split or any similar event requiring the adjustment of the total number of common shares to be issued or disposed of as restricted stock after this proposal is approved, the said total number of shares may be adjusted to a reasonable extent). The amount payable per share shall be determined by the Board of Directors within a range that is not specially advantageous to the Eligible Directors, based on the closing price of the Company’s shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (if no trading is reported on that day, the closing price of the Company’s shares on the most recent trading day preceding that day). Furthermore, the issuance or disposal of the Company’s common shares shall be conditional upon the conclusion of a Restricted Stock Allotment Agreement (hereinafter referred to as the “Allotment Agreement”) between the Company and the Eligible Director, containing the outline and the following contents.

- (1) An Eligible Director who receives allotment of the Company’s common shares (hereinafter referred to as the “Allotted Shares”) in accordance with the Allotment Agreement must not transfer to a third party, attach a security interest on or in any other way dispose of the Allotted Shares (hereinafter referred to as “Transfer Restriction”) during the period from the grant date of the said Allotted Shares to the date on

which the said Eligible Director resigns or retires from the position of Director of the Company or other positions determined by the Company's Board of Directors (hereinafter referred to as the "Transfer Restriction Period").

- (2) In the event that an Eligible Director resigns or retires from the position set forth in paragraph (1) above prior to the expiry of the period determined by the Board of Directors (hereinafter referred to as the "Period of Service"), the Company shall, as a matter of course, acquire the Allotted Shares without consideration, provided, however, that this shall not apply if there are grounds deemed justifiable by the Board of Directors of the Company.
- (3) Notwithstanding the provision of paragraph (1) above, the Company shall, conditional upon the Eligible Director remaining in the position set forth in paragraph (1) above during the Period of Service, cancel the Transfer Restriction of all Allotted Shares at the time of expiry of the Transfer Restriction Period. However, in the event that the Eligible Director resigns or retires from the position set forth in paragraph (1) above prior to the expiry of the Transfer Restriction Period, for grounds deemed justifiable by the Board of Directors of the Company in paragraph (2) above, the Company shall adjust the number of the Allotted Shares for which the Transfer Restriction is to be canceled, as well as the timing of cancellation of the Transfer Restriction, as necessary, in a reasonable manner.
- (4) The Company shall, as a matter of course, acquire without consideration any Allotted Shares for which Transfer Restriction had not been canceled based on the provisions of paragraph (3) above at the expiry of the Transfer Restriction Period.
- (5) Notwithstanding the provision of paragraph (1) above, in the event that, during the Transfer Restriction Period, a proposal regarding a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other proposal that involves organizational restructuring, etc. is approved in a General Meeting of Shareholders of the Company (at a meeting of the Board of Directors of the Company, in cases where approval by the General Meeting of Shareholders of the Company is not required for such organizational restructuring, etc.), the Company shall, by resolution of the Board of Directors of the Company, cancel the Transfer Restriction of the Allotted Shares prior to the effective date of such organizational restructuring, etc. The number of such Allotted Shares for which Transfer Restriction is to be canceled shall be determined in a reasonable manner based on the period from the commencement of the Period of Service to the date of approval of such organizational restructuring, etc.
- (6) In cases set forth in paragraph (5) above, the Company shall, as a matter of course, acquire without consideration any Allotted Shares remaining for which Transfer Restriction is not canceled, at the time immediately after Transfer Restriction has been canceled, in accordance with the provision of paragraph (5) above.
- (7) The Allotment Agreement shall include the methods of indicating intention and notification under the Allotment Agreement, the procedures for revising the Allotment Agreement and other matters to be determined by the Board of Directors.

## **2. Contents of Plan B**

The summary of the Plan B is as follows.

- (1) Eligible Directors, by the resolution of the Board of Directors of the Company, shall be granted points every year calculated based on the following calculation formula with the upper limit of 100,000 points (1 point = 1 share) per year (hereinafter referred to as the "Points"). The Company requests that determination of the distribution, etc. to each Eligible Director be delegated to the Board of Directors.

Number of points to be granted per year = Number of restricted stock granted in that year × 50%

- (2) The Points shall continue to be granted and accumulated during the Eligible Director's term of office, and Eligible Director's accumulated points shall be finalized at the time the Eligible Director resigns or retires from the position determined by the Board of Directors of the Company or when the Transfer Restriction is otherwise canceled.
- (3) An Eligible Director shall receive monetary payment at the time the Eligible Director resigns or retires from the position stated in paragraph (2) above or when the Transfer Restriction is otherwise canceled, in the amount calculated based on the following calculation formula as the upper limit, by multiplying the accumulated points held by the said Eligible Director in paragraph (2) above (however, in the event that the Transfer Restriction on all or a part of the restricted stock which has been granted to the said Eligible Director in accordance with Plan A has not been canceled, the number of shares for which the Transfer Restriction was not canceled shall be deducted from the number of accumulated points; hereinafter the same shall apply) by the closing price of the Company's shares on the Tokyo Stock Exchange on the date

on which the said Eligible Director resigns or retires from the position stated in paragraph (2) above or when the Transfer Restriction is otherwise canceled (if no trading is reported on that day, the closing price of the Company's shares on the most recent trading day preceding that day; hereinafter, the same shall apply).

Amount of monetary compensation payment = Number of accumulated points in (2) above × Closing price of the Company's shares on the date the Transfer Restriction is canceled

- (4) In the event that the Company conducts a stock split of its common shares (including the gratis allotment of the common shares of the Company), a reverse stock split or any similar event requiring the adjustment of the upper limit and the total number of the Points, after this proposal is approved, the said upper limit and the total number of the Points shall be adjusted to a reasonable extent.
- (5) Other specifics of Plan B shall be determined by internal rules set forth by the Board of Directors.

(Reference)

The Company plans to adopt a plan similar to Plan A and Plan B for its Executive Officers.

**Proposal 7:** Changes to the Contents of the Stock-based Compensation Stock Options for Directors

The upper limit of stock-based compensation stock options was set and approved in the 28th Annual General Meeting of Shareholders held on February 25, 2010 at 70 million yen per year, and subsequently the issuance of stock acquisition rights have been resolved at the Board of Directors meetings held on July 25, 2011, September 25, 2012, June 25, 2013, April 25, 2014, April 24, 2015, April 25, 2016, April 25, 2017 and February 27, 2018, followed by the granting of the stock-based compensation stock options.

The Company, as per Proposal 6, decided to adopt the restricted stock compensation plan (a compensation plan in which shares are granted to officers with the condition that Transfer Restriction of such shares shall be canceled at the time of retirement of the officer) and a share price-linked point-based monetary compensation plan as compensation for its Directors, in lieu of the stock-based compensation stock option plan. Consequently, as the Company will be able to directly grant its common shares to the Directors, with regard to the stock-based compensation stock options which have been granted in accordance with the stock-based compensation stock option plan but whose rights have not been exercised, the Company proposes to make partial amendments to the conditions for the exercise of rights as stated below to enable the early exercise of rights and acquisition of shares and further promote the sharing of value with the shareholders. The Company, therefore, proposes to change the conditions for the exercise of rights relating to the stock acquisition rights, which have been granted to the Directors of the Company as stock-based compensation stock options.

This proposal will be conditional upon the approval of Proposal 6 and, if approved, shall become effective on May 1, 2019.

[Current]

(6) Conditions for the exercise of stock acquisition rights

A holder of stock acquisition rights may exercise stock acquisition rights held by him/her only from the day immediately following the date on which such holder loses his/her position as Director of the Company, during the period set forth in (4) above, and any other condition for the exercise of stock acquisition rights shall be determined at the Board of Directors meeting in which the guidelines for the subscription of the stock acquisition rights are determined.

\*“(4) above” in the underlined portion above specifically refers to the following:

“(4) Period in which stock acquisition rights may be exercised

The period shall be determined by the Board of Directors of the Company within 30 years from the date of allotment of the stock acquisition rights.”

[Amended]

(6) Conditions for the exercise of stock acquisition rights

The conditions for the exercise of stock acquisition rights shall be determined at the Board of Directors meeting in which the guidelines for the subscription of the stock acquisition rights are determined.